



Senate

General Assembly

February Session, 2014

File No. 574

Senate Bill No. 370

Senate, April 16, 2014

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT EXPANDING THE TAX CREDIT FOR APPRENTICESHIP TRAINING PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217g of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2014, and applicable to income years commencing on or after*
4 *January 1, 2014*):

5 (a) There shall be allowed a credit for any taxpayer against the tax
6 imposed under this chapter for any income year with respect to each
7 apprenticeship in the manufacturing trades commenced by such
8 taxpayer in such year under a qualified apprenticeship training
9 program as described in this section, certified in accordance with
10 regulations adopted by the Labor Commissioner and registered with
11 the Connecticut State Apprenticeship Council established under
12 section 31-22n, in an amount equal to four dollars per hour multiplied
13 by the total number of hours worked during the income year by
14 apprentices in the first half of a two-year term of apprenticeship and

15 the first three-quarters of a four-year term of apprenticeship, provided
16 the amount of credit allowed for any income year with respect to each
17 such apprenticeship may not exceed four thousand eight hundred
18 dollars or fifty per cent of actual wages paid in such income year to an
19 apprentice in the first half of a two-year term of apprenticeship or in
20 the first three-quarters of a four-year term of apprenticeship,
21 whichever is less.

22 (b) There shall be allowed a credit for any taxpayer against the tax
23 imposed under this chapter for any income year with respect to each
24 apprenticeship in plastics and plastics-related trades commenced by
25 such taxpayer in such year under a qualified apprenticeship training
26 program as described in this section, certified in accordance with
27 regulations adopted by the Labor Commissioner and registered with
28 the Connecticut State Apprenticeship Council established under
29 section 31-22n, which apprenticeship exceeds the average number of
30 such apprenticeships begun by such taxpayer during the five income
31 years immediately preceding the income year with respect to which
32 such credit is allowed, in an amount equal to four dollars per hour
33 multiplied by the total number of hours worked during the income
34 year by apprentices in the first half of a two-year term of
35 apprenticeship and the first three-quarters of a four-year term of
36 apprenticeship, provided the amount of credit allowed for any income
37 year with respect to each such apprenticeship may not exceed four
38 thousand eight hundred dollars or fifty per cent of actual wages paid
39 in such income year to an apprentice in the first half of a two-year term
40 of apprenticeship or in the first three-quarters of a four-year term of
41 apprenticeship, whichever is less.

42 (c) There shall be allowed a credit for any taxpayer against the tax
43 imposed under this chapter for any income year with respect to wages
44 paid to apprentices in the construction trades by such taxpayer in such
45 year that the apprentice and taxpayer participate in a qualified
46 apprenticeship training program, as described in this section, which (1)
47 is at least four years in duration, (2) is certified in accordance with
48 regulations adopted by the Labor Commissioner, and (3) is registered

49 with the Connecticut State Apprenticeship Council established under
50 section 31-22n. The tax credit shall be (A) in an amount equal to two
51 dollars per hour multiplied by the total number of hours completed by
52 each apprentice toward completion of such program, and (B) awarded
53 upon completion and notification of completion of such program in
54 the income year in which such completion and notification occur,
55 provided the amount of credit allowed for such income year with
56 respect to each such apprentice may not exceed four thousand dollars
57 or fifty per cent of actual wages paid over the first four income years
58 for such apprenticeship, whichever is less.

59 (d) There shall be allowed a credit for any taxpayer against the tax
60 imposed under this chapter for any income year with respect to wages
61 paid to apprentices in the biotechnology and computer coding and
62 technology trades by such taxpayer in such year that the apprentice
63 and taxpayer participate in a qualified apprenticeship training
64 program, as described in this section, which (1) is at least four years in
65 duration, (2) is certified in accordance with regulations adopted by the
66 Labor Commissioner, and (3) is registered with the Connecticut State
67 Apprenticeship Council established under section 31-22n. The tax
68 credit shall be (A) in an amount equal to two dollars per hour
69 multiplied by the total number of hours completed by each apprentice
70 toward completion of such program, and (B) awarded upon
71 completion and notification of completion of such program in the
72 income year in which such completion and notification occur,
73 provided the amount of credit allowed for such income year with
74 respect to each such apprentice may not exceed four thousand dollars
75 or fifty per cent of actual wages paid over the first four income years
76 for such apprenticeship, whichever is less.

77 [(d)] (e) For purposes of this section, a qualified apprenticeship
78 training program shall require at least four thousand but not more
79 than eight thousand hours of apprenticeship training for certification
80 of such apprenticeship by the Connecticut State Apprenticeship
81 Council. The amount of credit allowed any taxpayer under this section
82 for any income year may not exceed the amount of tax due from such

83 taxpayer under this chapter with respect to such income year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2014, and applicable to income years commencing on or after January 1, 2014</i>	12-217g

HED *Joint Favorable C/R*

FIN

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Labor Dept.	GF - Cost	Up to \$500,000	Up to \$500,000
Department of Revenue Services	GF - Revenue Loss	Out Years Only	Out Years Only

Municipal Impact: None

Explanation

The bill expands the apprenticeship training tax credit against the Corporation Business Tax to include apprenticeships in biotechnology, computer coding, and the technology trades. This results in a cost of up to \$500,000 annually beginning in FY 15, and an estimated revenue loss of up to \$2.1 million annually as early as FY 19.

The cost impact is to the Department of Labor to certify and administer an apprenticeship program in the biotechnology, computer coding, and technology trades. This estimate is based on the actual cost of administering an apprenticeship program for the manufacturing and construction trades, which was approximately \$497,000 in FY 13.

The revenue loss occurs in the out years because the bill specifies the apprenticeship program must be at least four years in duration. The actual timing of the revenue loss is dependent upon the timing of completion of the apprenticeship program by participants, as that is when the tax credit is awarded under the bill.

The Out Years

The annualized ongoing cost impact identified above would continue into the future subject to inflation.

The annualized ongoing revenue impact identified above would remain constant into the future as the credit is based on a flat rate per hour an apprentice works, up to \$4,000.

Sources: Department of Revenue Services Annual Report

OLR Bill Analysis**SB 370*****AN ACT EXPANDING THE TAX CREDIT FOR APPRENTICESHIP TRAINING PROGRAMS.*****SUMMARY:**

This bill creates a corporation tax credit for businesses that participate in biotechnology, computer coding, and technology trade apprenticeship programs. To be eligible for the credit, the business and the apprentice must participate in a four-year qualified apprenticeship training program in these trades that is (1) certified in accordance with the labor commissioner's regulations, and (2) registered with the Connecticut State Apprenticeship Council (CSAC). By law, a qualified apprenticeship training program must require between 4,000 and 8,000 hours of training to be eligible for CSAC certification.

The bill establishes a \$2 credit for each hour an apprentice works toward completing the program. The credit must be awarded during the income year in which the apprentice completes the training program and notice of completion is issued. The bill also sets the maximum credit per-apprentice at \$4,000, or 50% of the actual wages paid over the first four income years for the apprenticeship, whichever is less. The tax credit cannot exceed the business' tax liability for the income year.

Existing law already allows corporation tax credits for businesses participating in manufacturing, plastics, or construction trade apprenticeship programs. The construction apprenticeship tax credit terms are identical to the credit terms created in this bill.

EFFECTIVE DATE: July 1, 2014, and applicable to income years beginning on or after January 1, 2014.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Change of Reference

Yea 18 Nay 0 (03/13/2014)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/01/2014)